

For additional information, see Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments" at http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html.

EXPANDED DEFINITIONS: Allowable & Unallowable Costs

ADVERTISING AND PUBLIC RELATIONS COSTS are allowable (a) only for purposes specifically necessary to meet the requirements of a Federal award; (b) when incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of the Federal award; and (c) when necessary to conduct general liaison with news media to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of Federal contract/grant awards. **Costs of advertising and public relations designed solely to**

promote a library, governmental unit or organization are unallowable, as are promotional incentives of any kind, including memorabilia models, gifts and souvenirs.

CONTRACTUAL SERVICES are professional services necessary to implement an approved LSTA project and performed by an individual not on the library's regular payroll or who is not directly supervised by library staff. Contracts for services should be budgeted under the category "other expenditures."

EQUIPMENT - Purchase of tangible non-expendable personal property having a life of more than one year and an acquisition cost of at least \$5,000 requires prior approval by IMLS and the SC State Library. LSTA funds may not be used to replace equipment already owned or leased by an applicant except for bookmobiles and information technology.

FOOD AND BEVERAGES - Costs for food and beverages are allowable only when incurred as part of the costs of meetings and conferences where the primary purpose is the dissemination of technical/instructional information focused on advancement of one or more of the six LSTA federal purposes. **Otherwise these costs are considered entertainment expenses and are unallowable, as are all other entertainment costs, including incentives.**

LIBRARY MATERIALS - Allowable costs include books, periodicals, newspapers, documents, pamphlets, photographs, reproductions, microforms, pictorial works, graphic works, musical scores, maps, charts, globes, sound recordings, processed video and magnetic tapes, computer software, materials designed specifically for the handicapped, and other materials added to the collection to be used by or to serve the public. **Materials acquired for general administrative support are unallowable.** An LSTA application must identify the type of materials to be purchased, the quantity of each type of material, the area(s) of the collection, the unit cost and the total cost.

NON-REIMBURSABLE EXPENDITURES include: (a) expenditures for activities not budgeted in an approved subgrant, (b) those obligated or incurred prior to the approval of the project or revision of the project, and (c) those that exceed any approved budget category amount.

OTHER EXPENDITURES - This category includes contractual services, travel, supplies (both LSTA project related office and program supplies), printing, postage, training, and all other costs except personal services, library materials and equipment. The application narrative must provide a breakdown and justification for "Other Expenditures."

PERSONAL SERVICES includes salaries, wages, and associated fringe benefit-costs (for implementation of the approved LSTA project only). Contracts for services should be budgeted in the "Other" category. **Subgrant funds may not be used to replace local, state or other personal services funds.** The application narrative must provide a breakdown and justification for all Personal Services costs. Copies of position description(s) for each position funded with sub-grant funds should accompany the application.

PRINTING COSTS – Allowable for materials (newsletters, flyers, bibliographies, materials for workshops) printed/published or distributed **in support of the implementation of activities as approved for an LSTA project.**

PROCUREMENT - All goods and services purchased with subgrant funds must conform to applicable federal law and standards (34 CFR 80.36), applicable state of South Carolina law and local requirements.

REPAIR & MAINTENANCE charges for equipment purchased under the approved LSTA subgrant (not to exceed one year contracts) are allowable if such occurs during the applicable grant cycle. Otherwise costs of operation and maintenance of said equipment is a local responsibility.

TRAVEL

- ♦ Expenses incurred specifically to carry out an approved LSTA project are considered direct costs.
- ♦ Travel costs are allowable for expenses for transportation, lodging, subsistence (meals), and related items incurred by employees traveling on official business relevant to an LSTA project. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities.
- ♦ Such costs shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the governmental unit in its regular operations as a result of the governmental unit's policy.
- ♦ Airfare costs in excess of the customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would:
 - *require circuitous routing,*
 - *require travel during unreasonable hours,*
 - *excessively prolong travel,*
 - *greatly increase the duration of the flight,*
 - *result in increased cost that would offset transportation savings, or*
 - *offer accommodations not reasonably adequate for the medical needs of the traveler.*

TRAVEL REIMBURSEMENT is limited by the State of South Carolina rates in effect at the time the expense is incurred. Supporting documentation for travel and required SC State Library forms must be submitted. (See *LSTA Guidance Document: Managing Your LSTA Subgrant Award "Section V- Requesting Reimbursement Payments"*)